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SURFACE TRANSPORTATION BOARD

OSTER RESEARCHING SERVICES
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Mt Airy, Maryland 21771
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July 19, 2011

Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423

Dear Section Chief:

Enclosed for recording with the Surface Transportation Board are one original and one counterpart of the document described below to be recorded pursuant to Section 11301 of Title 49 of the U.S. Code:

Memorandum of Security Agreement 7-12-11

Secured Party: Wells Fargo Equipment Finance, Inc.
733 Marquette Avenue
Minneapolis, MN 55402

Debtor: Allegheny Valley Railroad Company
519 Cedar Way Building One
Suite 100, P.O. Box 127
Oakmont, PA 15139

Equipment: 4, Used GP40-2 Locomotives
AVR 4001-4004
Previously KCS 4736, 4766, 2816, 2825

Please record this agreement as a primary document. The filing fee of \$41 is enclosed.
Thank you.

Sincerely,

Mary Ann Oster
Research Consultant

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Memorandum of Security Agreement

SURFACE TRANSPORTATION BOARD

WELLS
FARGO

Wells Fargo Equipment Finance, Inc. | 733 Marquette Avenue, Suite 700 | MAC N9306-070 | Minneapolis, MN 55402

THIS MEMORANDUM OF SECURITY AGREEMENT (this "Memorandum") is made this July 12 day of 2011, by and between Allegheny Valley Railroad Company, a Pennsylvania corporation ("Debtor"), and WELLS FARGO EQUIPMENT FINANCE, INC., a Minnesota Corporation ("Secured Party").

A. The Debtor is indebted to the Secured Party pursuant to that certain Promissory Note dated as of July 12, 2011 (the "Note") executed by the Debtor in favor of the Secured Party.

B. To secure the Debtors obligations to the Secured Party, the Debtor executed and delivered to the Secured Party a Security Agreement dated July 12, 2011 pursuant to which the Debtor granted to the Secured Party a continuing, first priority security interest in and to, and lien on, the following collateral:

(a) Four (4) used EMD GP40-2 Locomotives with the following markings:

Old Markings:	New Markings:
KCS 4736	AVR 4001
KCS 4766	AVR 4002
KCS 2816	AVR 4003
KCS 2825	AVR 4004

(each, a "Railcar", collectively, the "Railcars") and all replacements and substitutions thereof,

(b) all improvements, additions, modifications, accessions, attachments, appurtenances and parts appertaining or attached to the Railcars, whether now owned or hereafter acquired;

(c) all logs, books and records pertaining to the use, operation and/or maintenance of the Railcars or otherwise relating to any of the collateral described herein;

(d) all rights, claims and causes of action, if any, which the Debtor may have now or in the future against any manufacturer, rebuilder or seller of the Railcars (or any component thereof) or any other Person, by contract of otherwise, in respect of any defect in the Railcars or any part thereof;

IN WITNESS WHEREOF, the parties have caused this Memorandum to be executed as of the date first above written.

WELLS FARGO EQUIPMENT FINANCE, INC.

ALLEGHENY VALLEY RAILROAD COMPANY

By: [Signature]
Title: Director of Administration

By: [Signature]
Title: CEO

STATE OF Minnesota
COUNTY OF Hennepin

On this 18 day of July, 2011, before me, a Notary Public of the City and State aforesaid, personally appeared Magne K. K. K. to me personally known, who being by me duly sworn, says that he is the Secretary of ABC Company, Inc. the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal.

Mary Fischer
Notary Public

My commission expires:



STATE OF Pennsylvania
COUNTY OF Allegheny

On this 24 day of July, 2011, before me a Notary Public of the City and State aforesaid, personally appeared John J. J. to me personally known who being by me duly sworn, says that (he/she) is a CEO of ABC Company, Inc. that foregoing instrument is/was signed on behalf of said corporation by authority of its Board of Directors, and (he/she) acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal.

(Seal)

Amy A. Smith
Notary Public

My commission expires.

